

## Internal Decision-Making & Corporate Performance (Cost Management)

### *Course Descriptions and Syllabus*

#### *Your instructor*

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### COURSE DESCRIPTIONS

This course explores using accounting information for *internal* planning, analysis, and decision-making. The *course's main objective* is to equip you with the knowledge to prepare, understand, evaluate, and act upon the many financial and non-financial reports used in managing firms. These reports include but are not limited to internal budgeting, building business plans, contribution margin statements, direct costing, normal absorption costing, Activity-Based Costing, Time-Based Activity-Based Costing, Customer Profitability Analysis, variance reports, and CVP analysis. This course focuses on information generated by the internal accounting system.

Managing and evaluating companies requires financial and non-financial information about the firm's products, processes, assets, and customers. This information is a crucial input into a wide range of analytical tools to support decisions: analyzing the profitability of various products, managing product-line portfolios, setting prices, measuring and managing customers' profitability, making operational and strategic decisions, evaluating investments, investigating efficiency, and so on. We will discover that many companies still need to provide their managers with helpful information. These managers have to rely on simplistic and outdated information systems for very different business processes and with very different technologies. We will look at many pitfalls these systems can induce and the dangers of using these systems to make business decisions. Please refer to the tentative schedule at the end of this document for topics we will cover.

## **COURSE MATERIALS**

There is no prescribed textbook for this course. You may access all course materials, including class exercises and solutions to class exercises, on LMS Brightspace.

You may access a detailed listing of the sequence of topics, related materials, and related spreadsheets via LMS Brightspace. Do not forward or share materials with others.

There are two copyrighted cases we will use. These are available for purchase in an electronic course pack from the bookstore.

## **ASSESSMENTS**

We calculate your final grade based on:

On-Line Mini Tests	30%
Final Exam	70%

## **ACADEMIC INTEGRITY**

We take pride in our well-rounded education and approach our academics with honesty and integrity. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the [NYU Academic Integrity Policies](#) as well as the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

## **STERN CODE OF CONDUCT**

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses. Please see: <https://www.stern.nyu.edu/uc/codeofconduct>.

To help ensure the integrity of our learning community, prose assignments you submit to NYU Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

## **INTEGRITY OF CREDIT**

All course syllabi must demonstrate compliance with the University's policy on assigning course

credit hours. Required instructional activities related to the integrity of credit. Information can be presented in the following formats: narrative (below), activity grid format (see sample activity grid on page 2), or other clear and identifiable format. Please refer to the Credit hour resource page for more information.

- Example #1: Students will meet 2x a week for 1.5 hours for 15 weeks for this 3-credit course
- Example #2: This 4-credit course will meet for a lecture with the instructor twice per week for 75 minutes each, for fifteen weeks. Outside of lecture, students will also participate in fifteen-50 minute weekly group discussions supervised by the course TA centered around each week's assigned readings.

### **GENERAL CONDUCT & BEHAVIOR**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations for Graduate and Undergraduate students.

(<https://www.stern.nyu.edu/portal-partners/registrar/policies-procedures/general-policies/code-conduct>)

(<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Student Conduct Policy

(<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

### **GRADING GUIDELINES**

#### **Grading Information for Stern Core Courses**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an "A" or "A-" grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

#### **Grading Information for Stern Elective Courses**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

### **STUDENT ACCESSIBILITY**

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility ([212-998-4980](tel:212-998-4980), [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

## **STUDENT WELLNESS**

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212-998-4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212-443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Graduate students can also reach out to the Academic Advising team at [academicaffairs@stern.nyu.edu](mailto:academicaffairs@stern.nyu.edu) if you would like to receive more information or further support.

## **NAME PRONUNCIATION AND PRONOUNS**

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: [Pronouns & Name Pronunciation](#)

## **RELIGIOUS OBSERVANCES AND OTHER ABSENCES**

NYU's [Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact [religiousaccommodations@nyu.edu](mailto:religiousaccommodations@nyu.edu) for assistance.

NYU Stern is committed to ensuring an equitable educational experience for all students regardless of identity or circumstances and strives to recognize the obligations its students have outside of Stern. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. If you are aware of a potential conflict, please contact me as soon as possible to discuss any potential conflicts to determine whether/how they can be accommodated.

## **LAPTOPS, CELL PHONES & OTHER ELECTRONIC DEVICES**

The use of electronic devices (e.g., tablets or laptops), for the purpose of note-taking only, is permitted. However, students should make every effort to avoid distracting their classmates or disrupting the class, including arriving early and choosing a seat that is less distracting for peers.

## **INCLUSION STATEMENT**

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.

## TENTATIVE SCHEDULE

Lesson	Topic
<b>1</b> <b>(asynchronous)</b>	Introduction <ul style="list-style-type: none"> <li>- Internal decision-making vs. external GAAP reporting</li> <li>- Forecasting Costs</li> <li>- Building a business plan               <ul style="list-style-type: none"> <li>- “what-if” analysis and risk management</li> </ul> </li> <li>- Translating your business idea into a business plan</li> </ul>
<b>2</b>	Key Cost Concepts <ul style="list-style-type: none"> <li>o Direct vs. Indirect, Fixed vs. Variable, Product vs. Period</li> </ul> Cost-Volume-Profit Analysis Relevant Costs/Revenues Job Costing vs. Process Costing Manufacturing vs. Service Costing Overhead allocation and Normal Absorption Costing
<b>3</b>	Challenges with Normal Absorption Costing <ul style="list-style-type: none"> <li>- One cost pool vs. multiple cost pools</li> <li>- Over/under-applied overhead</li> </ul> Cost Estimation Complexity <ul style="list-style-type: none"> <li>- Over/under costing</li> <li>- Adding additional cost-pool</li> <li>- New CAPEX and cost-allocation</li> </ul> Measuring and Managing Cost of Capacity <ul style="list-style-type: none"> <li>- Death Spiral</li> <li>- Maximum/Practical/Actual Capacity</li> </ul>
<b>4</b>	Activity-Based Costing and Activity-Based Management <ul style="list-style-type: none"> <li>- Cost hierarchy</li> <li>- Volume based bias</li> </ul> Customer Profitability Analysis
<b>5</b>	More on Budgeting <ul style="list-style-type: none"> <li>- Variance Analysis</li> <li>- Variance Analysis and Incentive Effects</li> <li>- Transfer Pricing</li> </ul>
<b>6</b> <b>(asynchronous)</b>	Final Exam